

Michigan Department of Treasury
496 (Rev.06/08)**Auditing Procedures Report** v1.04

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Issued under Public Act 2 of 1968, as amended.

Unit Name	SPRINGPORT	County	JACKSON	Type	TOWNSHIP	MuniCode	38-1-160
Opinion Date-Use Calendar	Jul 7, 2008	Audit Submitted-Use Calendar	Jul 9, 2008	Fiscal Year-Use Drop List	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <u>NA</u>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 177,063.00
General Fund Expenditure:	\$ 195,922.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 267,578.00
Governmental Activities Long-Term Debt (see instructions):	\$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	GEORGE	Last Name	DOVE	Ten Digit License Number	1101011387		
CPA Street Address	209 E WASHINGTON STE 2	City	JACKSON	State	MI	Zip Code	49201
CPA Firm Name	DOVE & HICKEY PLC	Unit's Street Address	101 E MAIN ST	City	SPRINGPORT	LU Zip	49284

SPRINGPORT TOWNSHIP
JACKSON COUNTY - MICHIGAN
FINANCIAL STATEMENTS
Year Ended March 31, 2008

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Dove & Hickey, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

209 E. Washington Ave., Suite 255 • Jackson, Michigan 49201
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MEMBERS:

**AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS**

**MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS**

**GEORGE DOVE, C.P.A.
PAUL T. HICKEY, C.P.A.
NANNETTE M. SPONSLER, C.P.A.
ALLISON I. COLE, C.P.A.**

INDEPENDENT AUDITOR'S REPORT

Township Board
Springport Township
Jackson County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of Springport Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Springport Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Springport Township as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. Springport Township has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of the financial statements.

Dove & Hickey, PLC

July 7, 2008

SPRINGPORT TOWNSHIP
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2008

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and cash equivalents	\$ 410,634
Receivables:	
Taxes	11,586
Due from other governmental units	15,880
Prepaid expenditures	10,111
Capital assets - net	<u>49,395</u>
Total assets	<u>497,606</u>
<u>LIABILITIES:</u>	
Accounts payable	1,087
Accrued liabilities	<u>16,206</u>
Total liabilities	<u>17,293</u>
<u>NET ASSETS:</u>	
Invested in capital assets - net of related debt	49,395
Unrestricted	<u>430,918</u>
Total net assets	\$ <u>480,313</u>

See accompanying notes to financial statements.

SPRINGPORT TOWNSHIP
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year Ended March 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>
			<u>Contributions</u>	<u>Contributions</u>
GOVERNMENTAL				
ACTIVITIES:				
General government	\$ 91,491	\$ 24,677	\$ -0-	\$ -0-
Public Safety	207,885	9,635	-0-	-0-
Public works	35,650	-0-	-0-	-0-
Community and economic development	7,388	-0-	-0-	-0-
Recreation and culture	<u>1,857</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total governmental activities	\$ <u>344,271</u>	\$ <u>34,312</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

GENERAL REVENUES:

Property taxes
State-shared revenues
Investment earnings
Total general revenues

CHANGES IN NET ASSETS

NET ASSETS - BEGINNING
OF YEAR

NET ASSETS - END OF YEAR

See accompanying notes to financial statements.

Net (Expense)
Revenue
and Changes
in Net Assets

Governmental
Activities

(\$ 66,814)
(198,250)
(35,650)

(7,388)
(1,857)

(309,959)

111,345
104,461
13,905
229,711

(80,248)

560,561

\$ 480,313

SPRINGPORT TOWNSHIP
BALANCE SHEET -
GOVERNMENTAL FUNDS
March 31, 2008

	General Fund	Fire Fund	Police Fund	Other Non-Major Governmental Funds Building Fund	Total Governmental Funds
<u>ASSETS:</u>					
Cash and cash equivalents	\$ 248,679	\$ 101,587	\$ 50,130	\$ 10,238	\$ 410,634
Receivables:					
Taxes	5,159	6,427	-0-	-0-	11,586
Due from other governmental units	15,880	-0-	-0-	-0-	15,880
Due from other funds	231	-0-	-0-	-0-	231
Prepaid expenditures	<u>4,851</u>	<u>-0-</u>	<u>5,260</u>	<u>-0-</u>	<u>10,111</u>
Total assets	<u>\$ 274,800</u>	<u>\$ 108,014</u>	<u>\$ 55,390</u>	<u>\$ 10,238</u>	<u>\$ 448,442</u>
<u>LIABILITIES AND FUND BALANCES:</u>					
Liabilities:					
Accounts payable	\$ 495	\$ -0-	\$ 592	\$ -0-	\$ 1,087
Accrued liabilities	6,727	-0-	9,479	-0-	16,206
Due to other funds	<u>-0-</u>	<u>231</u>	<u>-0-</u>	<u>-0-</u>	<u>231</u>
Total liabilities	<u>7,222</u>	<u>231</u>	<u>10,071</u>	<u>-0-</u>	<u>17,524</u>
Fund balances:					
Reserved for:					
Prepaid expenditures	4,851	-0-	5,260	-0-	10,111
Unreserved, reported in:					
Major Funds	262,727	107,783	40,059	-0-	410,569
Non-major Special Revenue funds	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>10,238</u>	<u>10,238</u>
Total fund balances	<u>267,578</u>	<u>107,783</u>	<u>45,319</u>	<u>10,238</u>	<u>430,918</u>
Total liabilities and fund balances	<u>\$ 274,800</u>	<u>\$ 108,014</u>	<u>\$ 55,390</u>	<u>\$ 10,238</u>	<u>\$ 448,442</u>

See accompanying notes to financial statements.

SPRINGPORT TOWNSHIP
RECONCILIATION OF FUND BALANCES ON THE
BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS -
GOVERNMENTAL FUNDS
March 31, 2008

Fund balances - total Governmental funds	\$ 430,918
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Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	<u>49,395</u>
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Net assets of governmental activities	<u>\$ 480,313</u>
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See accompanying notes to financial statements.

SPRINGPORT TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended March 31, 2008

	General Fund	Fire Fund	Police Fund	Other Non-Major Governmental Funds Building Fund	Total Governmental Funds
REVENUES:					
Taxes and penalties	\$ 59,159	\$ 68,564	\$ -0-	\$ -0-	\$ 127,723
Licenses and permits	-0-	-0-	-0-	5,742	5,742
State sources	104,461	-0-	-0-	-0-	104,461
Fines and forfeitures	-0-	-0-	3,893	-0-	3,893
Interest	10,686	4,177	3,218	-0-	18,081
Other revenues	<u>2,757</u>	<u>-0-</u>	<u>1,366</u>	<u>-0-</u>	<u>4,123</u>
Total revenues	<u>177,063</u>	<u>72,741</u>	<u>8,477</u>	<u>5,742</u>	<u>264,023</u>
EXPENDITURES:					
Current:					
General government	91,758	-0-	-0-	-0-	91,758
Public safety	-0-	73,995	121,358	3,984	199,337
Public works	35,650	-0-	-0-	-0-	35,650
Community and economic development	7,388	-0-	-0-	-0-	7,388
Recreation and culture	<u>1,857</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,857</u>
Total expenditures	<u>136,653</u>	<u>73,995</u>	<u>121,358</u>	<u>3,984</u>	<u>335,990</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>40,410</u>	<u>(1,254)</u>	<u>(112,881)</u>	<u>1,758</u>	<u>(71,967)</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	-0-	59,269	-0-	-0-	59,269
Operating transfers (out)	<u>(59,269)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(59,269)</u>
Total other financing sources (uses)	<u>(59,269)</u>	<u>59,269</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(18,859)	58,015	(112,881)	1,758	(71,967)
FUND BALANCES - BEGINNING OF YEAR	<u>286,437</u>	<u>49,768</u>	<u>158,200</u>	<u>8,480</u>	<u>502,885</u>
FUND BALANCES - END OF YEAR	<u>\$ 267,578</u>	<u>\$ 107,783</u>	<u>\$ 45,319</u>	<u>\$ 10,238</u>	<u>\$ 430,918</u>

See accompanying notes to financial statements.

SPRINGPORT TOWNSHIP
RECONCILIATION OF STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
March 31, 2008

Net change in fund balance - total Governmental funds	(\$ 71,967)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	3,363
Depreciation on capital assets reported as part of governmental activities	<u>(11,644)</u>
Changes in net assets of governmental activities	(\$ <u>80,248</u>)

See accompanying notes to financial statements.

SPRINGPORT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Springport Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Springport Township.

Reporting Entity

Springport Township is governed by an elected five-member Board. The accompanying financial statements present the Township's entities for which the Township is considered to be financially accountable. The Township has no component units.

Joint Ventures

Fire Board

The Township is contractually involved in a governmental joint venture with the Springport-Clarence Regional Fire Board. The Springport-Clarence Regional Fire Board is a separate entity (the most current audit available is for the year ended February 28, 2008). The Township only includes its share of investments and costs in these financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

SPRINGPORT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, and interest associated with the current fiscal period. All revenue items are considered to be available only when cash is received by the Township.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. General Fund activities are financed by revenue from general property taxes and state-shared revenue.

Fire Fund - The Fire Fund is used to account for all activities and capital purchases funded by the property taxes received under two specially voted millages.

Police Fund - The Police Fund is used to account for all activities funded by property taxes received under a specially voted millage.

Additionally, the Township reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of earmarked revenue requiring separate accounting because of legal or regulatory provisions.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

SPRINGPORT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time they are added to the county tax rolls.

The Township's 2007 tax is levied and collectible on December 1, 2007, and is recognized as revenue in the year ended March 31, 2008, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2007 taxable valuation of the Township totaled approximately \$46,169,100 on which ad valorem taxes levied consisted of .8390 mills for operating and 1.5000 for fire protection purposes. This resulted in \$38,330 for operating and \$68,564 for fire protection. These amounts are recognized in the General Fund, and Fire Fund, respectively.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year is referred to as "advances to/from other funds." All property tax receivables are considered to be fully collectible.

SPRINGPORT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	15 to 50 years
Furnishings and equipment	3 to 7 years
Vehicles	7 years

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

SPRINGPORT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General and all Special Revenue Funds. All annual appropriations lapse at year end. The proposed budget is submitted to the Township Board 120 days prior to the beginning of the next year. Public hearings are held, and a final budget is adopted no later than March 31. The Township Board must approve any budget amendments.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control is the department level.

The government does not utilize encumbrance accounting.

Excess of Expenditures Over Appropriations

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year ended March 31, 2008, the government incurred expenditures in excess of the amounts appropriated at the legal level of budgetary control as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Public Works:			
Roads	\$ 34,975	\$ 35,650	(\$ 675)
Recreation and culture:			
Parks	1,000	1,857	(857)

3. DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes the local governmental units to make deposits and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations which have offices in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classification, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

SPRINGPORT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

3. DEPOSITS AND INVESTMENTS (Continued)

The investment policy adopted by the board of trustees in accordance with Public Act 20 of 1943, as amended, has authorized investment in the investments in the preceding paragraph. The Township's deposit and investment policy is in accordance with statutory authority.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$413,145 of deposits (checking accounts and CD's), of which \$264,240 was covered by federal depository insurance, and the remainder was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

4. INTERFUND TRANSFERS

Interfund transfers reported in the fund financial statements for the year ended March 31, 2008, are as follows:

	<u>Transfers out</u> <u>General Fund</u>
Transfers in:	
Fire Fund	\$ <u>59,269</u>

The interfund transfer from the General Fund to the Fire Fund is to subsidize the operations.

SPRINGPORT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

5. CAPITAL ASSETS

Capital asset activity of the Township's governmental activities was as follows:

	Balance <u>April 1, 2007</u>	<u>Additions</u>	Disposals and <u>Adjustments</u>	Balance <u>March 31, 2008</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ <u>15,589</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>15,589</u>
Capital assets being depreciated:				
Buildings and improvements	66,106	3,363	-0-	69,469
Furniture and equipment	52,559	-0-	-0-	52,559
Vehicles	<u>43,880</u>	<u>-0-</u>	<u>-0-</u>	<u>43,880</u>
Total capital assets being depreciated	<u>162,545</u>	<u>3,363</u>	<u>-0-</u>	<u>165,908</u>
Less: accumulated depreciation:				
Buildings and improvements	59,496	149	-0-	59,645
Furniture and equipment	36,887	4,483	-0-	41,370
Vehicles	<u>24,075</u>	<u>7,012</u>	<u>-0-</u>	<u>31,087</u>
Total accumulated depreciation	<u>120,458</u>	<u>11,644</u>	<u>-0-</u>	<u>132,102</u>
Total capital assets being depreciated - net	<u>42,087</u>	<u>(8,281)</u>	<u>-0-</u>	<u>33,806</u>
Total capital assets - net	\$ <u>57,676</u>	(\$ <u>8,281</u>)	\$ <u>-0-</u>	\$ <u>49,395</u>

Depreciation expense was charged to programs as follows:

Governmental activities:	
General government	\$ 3,096
Public Safety	<u>8,548</u>
Total governmental activities	\$ <u>11,644</u>

SPRINGPORT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

6. RISK MANAGEMENT

Springport Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (worker's compensation). The Township has purchased commercial insurance for employee injury, and participates in the Michigan Township Participating Plan risk pool for claims relating to property loss, torts and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

The Michigan Township Participating Plan risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

7. CONTRACTUAL COMMITMENT - SPRINGPORT-CLARENCE REGIONAL FIRE BOARD

The Township is a participant with the Township of Clarence in the operations of the Springport-Clarence Fire Board (the SCFB), a volunteer fire department organized for the purpose of providing fire protection for the Townships. The SCFB is governed by a five-member Board whose directors are selected and approved by the respective Township Boards. The Board, as well as the respective Township Boards, annually approve operating and capital budgets for the SCFB and are responsible for all operating and financing decisions of the SCFB.

Under the terms of the agreement, each Township will provide its equal pro-rata share of the fixed and operational budgeted costs of operating a regional fire and rescue department and board. Each Township has also agreed to pay a per run fee for all fire and rescue calls answered by the fire department within the unit's area.

The ownership of all the assets of the fire department will be mutually and equally owned by the two Townships. If either Township terminates this agreement, then the assets will be valued and the remaining Township may purchase the interest and assets of the other Township, or if a value cannot be agreed upon, then the assets will be auctioned off and net proceeds will be equally divided among the Townships.

REQUIRED SUPPLEMENTAL INFORMATION

SPRINGPORT TOWNSHIP
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended March 31, 2008

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance With Final <u>Budget</u>
REVENUES:				
Taxes and penalties	\$ 54,750	\$ 54,750	\$ 59,159	\$ 4,409
State sources	95,000	95,000	104,461	9,461
Interest	10,000	10,000	10,686	686
Other revenues	<u>2,750</u>	<u>2,750</u>	<u>2,757</u>	<u>7</u>
Total revenues	<u>162,500</u>	<u>162,500</u>	<u>177,063</u>	<u>14,563</u>
EXPENDITURES:				
General government:				
Township Board	19,240	19,240	13,117	6,123
Supervisor	26,685	26,685	25,577	1,108
Elections	3,400	3,400	889	2,511
Clerk	21,500	21,500	20,552	948
Treasurer	16,250	16,250	14,239	2,011
Cemetery	3,500	3,500	3,000	500
Township Hall	17,950	17,950	14,384	3,566
Public Works:				
Roads	34,975	34,975	35,650	(675)
Community and economic development:				
Planning	8,300	8,300	7,388	912
Recreation and culture:				
Parks	<u>1,000</u>	<u>1,000</u>	<u>1,857</u>	<u>(857)</u>
Total expenditures	<u>152,800</u>	<u>152,800</u>	<u>136,653</u>	<u>16,147</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>9,700</u>	<u>9,700</u>	<u>40,410</u>	<u>30,710</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers (out)	<u>(10,000)</u>	<u>(59,269)</u>	<u>(59,269)</u>	<u>-0-</u>
Total other financing sources (uses)	<u>(10,000)</u>	<u>(59,269)</u>	<u>(59,269)</u>	<u>-0-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(300)	(49,569)	(18,859)	30,710
FUND BALANCE - BEGINNING OF YEAR	<u>286,437</u>	<u>286,437</u>	<u>286,437</u>	<u>-0-</u>
FUND BALANCE - END OF YEAR	\$ <u>286,137</u>	\$ <u>236,868</u>	\$ <u>267,578</u>	\$ <u>30,710</u>

See accompanying notes to financial statements.

SPRINGPORT TOWNSHIP
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - FIRE FUND
Year Ended March 31, 2008

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance With Final <u>Budget</u>
REVENUES:				
Property taxes	\$ 62,000	\$ 68,444	\$ 68,564	\$ 120
Interest	<u>-0-</u>	<u>-0-</u>	<u>4,177</u>	<u>4,177</u>
Total revenues	<u>62,000</u>	<u>68,444</u>	<u>72,741</u>	<u>4,297</u>
EXPENDITURES:				
Public Safety	<u>72,000</u>	<u>78,658</u>	<u>73,995</u>	<u>4,663</u>
Total expenditures	<u>72,000</u>	<u>78,658</u>	<u>73,995</u>	<u>4,663</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(10,000)</u>	<u>(10,214)</u>	<u>(1,254)</u>	<u>8,960</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	<u>10,000</u>	<u>59,269</u>	<u>59,269</u>	<u>-0-</u>
Total other financing sources (uses)	<u>10,000</u>	<u>59,269</u>	<u>59,269</u>	<u>-0-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-0-	49,055	58,015	8,960
FUND BALANCE - BEGINNING OF YEAR	<u>49,768</u>	<u>49,768</u>	<u>49,768</u>	<u>-0-</u>
FUND BALANCE - END OF YEAR	<u>\$ 49,768</u>	<u>\$ 98,823</u>	<u>\$ 107,783</u>	<u>\$ 8,960</u>

See accompanying notes to financial statements.

SPRINGPORT TOWNSHIP
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - POLICE FUND
Year Ended March 31, 2008

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance With Final <u>Budget</u>
REVENUES:				
Fines and forfeitures	\$ -0-	\$ 1,400	\$ 3,893	\$ 2,493
Interest	-0-	2,600	3,218	618
Miscellaneous	<u>-0-</u>	<u>1,000</u>	<u>1,366</u>	<u>366</u>
Total revenues	<u>-0-</u>	<u>5,000</u>	<u>8,477</u>	<u>3,477</u>
EXPENDITURES:				
Public Safety	<u>-0-</u>	<u>142,000</u>	<u>121,358</u>	<u>20,642</u>
Total expenditures	<u>-0-</u>	<u>142,000</u>	<u>121,358</u>	<u>20,642</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-0-</u>	<u>(137,000)</u>	<u>(112,881)</u>	<u>24,119</u>
FUND BALANCE - BEGINNING OF YEAR	<u>158,200</u>	<u>158,200</u>	<u>158,200</u>	<u>-0-</u>
FUND BALANCE - END OF YEAR	\$ <u>158,200</u>	\$ <u>21,200</u>	\$ <u>45,319</u>	\$ <u>24,119</u>

See accompanying notes to financial statements.

Dove & Hickey, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

209 E. Washington Ave., Suite 255 • Jackson, Michigan 49201
Phone (517) 796-8880 • Fax (517) 796-8777

MEMBERS:

**AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS**

**MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS**

**GEORGE DOVE, C.P.A.
PAUL T. HICKEY, C.P.A.
NANNETTE M. SPONSLER, C.P.A.
ALLISON I. COLE, C.P.A.**

July 7, 2008

Board of Trustees
Springport Township
Jackson County, Michigan

Board Members:

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Springport Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Springport Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

Journal Entries:

Management is responsible for designing and implementing of the financial reporting system to record, process, and report significant transactions. Journal entries were required during audit to ensure financial statement presentation was in conformity with generally accepted accounting principles. These entries mainly consisted of accruals.

Financial Statement Report Adjustments:

During the audit we generally provide assistance in identifying and calculating certain year-end adjustments required to prepare financial statements in accordance with generally accepted accounting principles, including the requirements of GASB 34. We also assist in gathering information required for financial statements reclassifications and footnote disclosures. We are pleased to assist in this process, as we have expertise in these adjustments and reporting issues, and can generally assist in a very cost-efficient manner. We bring this to your attention since it meets the above definition of a matter to be communicated.

Budgets:

P.A. 621 of 1978, as amended, provides that a local government unit shall not incur expenditures in excess of the amount appropriated. The Township incurred expenditures in excess of the amount appropriated in two activities. The Township should amend its budget before this occurs.

We believe that implementation of these recommendations will provide the Township with a stronger system of internal control while making its operations more efficient. We will be happy to discuss the details of these recommendations with you and assist in any way possible with their implementation. This report is intended solely for the information and use of the Board, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to serve you. If you have any questions regarding this letter, please contact us.

Respectfully yours,

Dove & Hickey, P.L.C.